

# Appendix A

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## **Lilly and Arena Form Drug Discovery Alliance**

INDIANAPOLIS, April 17 /PRNewswire/ -- Eli Lilly and Company (NYSE: LLY) and Arena Pharmaceuticals, Inc., announced today that they have entered into an agreement to develop a number of orphan G-protein coupled receptors (GPCRs) as drug screening targets, utilizing Arena's proprietary CART(TM) technology. The collaboration will initially focus on central-nervous-system, endocrinology and cardiovascular targets with the option to increase the number of targets and expand into other therapeutic classes.

GPCRs have been shown to be excellent drug discovery targets as many approved prescription products affect one or more of these receptors. More importantly, since the majority of the estimated 2,000 GPCRs are "orphans" (that is, the native ligand remains undiscovered), these targets have been largely unavailable to pharmaceutical companies for drug discovery purposes.

CART permits Arena and its partners to circumvent the limitations of traditional, ligand-dependent, screening methods and to rapidly exploit the potentially limitless opportunities provided by accelerating drug discovery using new orphan GPCR targets that are being identified by the Human Genome Project.

Traditional ligand-dependent-screening methods require the identification of both the receptor and its native ligand before drug screening can begin. Using a "lock and key" analogy, the native ligand is the "key" and the receptor is the "lock." The process needed to identify both the receptor and its native ligand can, even if successful, take many years to complete and be very costly. CART completely avoids the need to identify the native ligand prior to screening. This could significantly speed up receptor-based drug discovery.

Under the terms of the agreement, Arena will be responsible for receptor identification, localization and regulation, and the application of its CART technology to Lilly-selected receptors and validation of screening assays based on such selected receptors. Arena will also receive an upfront fee, research funding, development milestones and royalties from products that result from the collaboration. Lilly will be responsible for screening of its chemical compound library using selected CART receptor assays, identification of chemical leads and pre-clinical and clinical development of such leads. Lilly will receive exclusive global rights to any products that result from the collaboration.

"Arena has developed a very powerful platform for drug discovery that could substantially speed up the overall process for drug development," said August M. Watanabe, M.D., executive vice president, science and technology, for Lilly. "This partnership, combined with our internal high-throughput- screening capabilities will help identify the next generation of novel, life- saving medicines."

"Lilly is recognized throughout the world as being the leader in the discovery and development of drugs for central-nervous-system and endocrinology diseases and disorders," said Jack Lief, president and chief executive officer for Arena. "We are very pleased to have Lilly as a partner for our CART technology, and we are looking forward to productively collaborating with Lilly in these, and possibly other,

therapeutic areas."

Arena Pharmaceuticals is a privately held biopharmaceutical company founded in 1997 to pursue receptor-based drug discovery. Arena's CART technology combines proprietary molecular genetics and screening techniques to develop novel, highly sensitive, high-throughput cell surface receptor assays that are ligand independent. To date, Arena has applied its CART technology to about 250 G-protein coupled receptors (GPCRs), has established validated screening assays with a number of these and has discovered orally active drug candidates using CART-activated GPCRs.

Lilly, a leading innovation-driven corporation, is developing a growing portfolio of best-in-class pharmaceutical products by applying the latest research from its own worldwide laboratories and from collaborations with eminent scientific organizations. Headquartered in Indianapolis, Ind., Lilly provides answers -- through medicines and information -- for some of the world's most urgent medical needs.

**SOURCE:**

Eli Lilly and Company

Web Site: <http://www.lilly.com>

Company News On Call:

<http://www.prnewswire.com/comp/126236.html> or fax, 800-758-5804, ext. 126236

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